Atlantic Canada Opportunities Agency

Agence de promotion économique du Canada atlantique

2013-14

Report on Plans and Priorities

Canada

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Minister's Message

Canada's economy remains the most stable among developed countries, in spite of the continued fragility of global economic conditions.

Our Government understands that the key to maintaining and strengthening our country's economic performance lies in the competitiveness of our businesses and industry. We are committed to creating the conditions that will spur job creation and economic growth by helping to foster innovation and commercialization, supporting entrepreneurs in improving their business skills and productivity, and helping them engage in, and expand on, trade activities in existing and emerging markets.

In Atlantic Canada, major projects in shipbuilding and clean and renewable energy will produce historic opportunities for job creation and economic growth throughout the region. Through the Atlantic Canada Opportunities Agency (ACOA), our Government will continue its work to ensure that small and medium-sized enterprises (SMEs) throughout Atlantic Canada are prepared to capture these and other business opportunities.

ACOA will continue to explore opportunities for international trade by assisting Atlantic Canadian SMEs to enter the global marketplace. The Agency will also continue to play an important role in advancing the Atlantic Gateway through further development of the region's transportation infrastructure, and through international marketing initiatives that promote this region as the gateway to North America and as a business partner of choice to countries around the world.

It gives me great pleasure to present ACOA's 2013-14 Report on Plans and Priorities, which explains in detail the Agency's priorities for continued economic growth in Atlantic Canada in the year ahead.

The Honourable Keith Ashfield, PC, MP
Minister of Fisheries and Oceans and
Minister for the Atlantic Gateway

Minister's Message

Through its strong commitment to ACOA, our Government is following through on its priorities of job creation, economic growth and long-term prosperity in Atlantic Canada.

In the coming year, ACOA will continue to deliver our Government's economic mandate by helping Atlantic Canadian small and medium-sized enterprises (SMEs) improve their productivity, sharpen their competitive edge, enhance their business skills, adopt new technologies, and undertake or expand initiatives related to innovation, commercialization and lean manufacturing. ACOA will coordinate the policies and programs of the Government of Canada in relation to opportunities for economic development in Atlantic Canada.

The Agency will work closely with public- and private-sector partners to assist SMEs in both rural and urban areas to seize opportunities for growth and diversification, while also working on initiatives that will support the growth, development and long-term sustainability of the region's resource sectors and of the communities that rely on them.

ACOA will continue to help SMEs identify and maximize business opportunities, including those that will flow from major projects being developed in Atlantic Canada, such as the Lower Churchill hydroelectric project in Labrador. Additionally, the Agency will continue to organize activities under the Atlantic Shipbuilding Action Plan to ensure that rural and urban SMEs throughout the region are prepared to compete for the range of opportunities that will result from the National Shipbuilding Procurement Strategy.

Over the next year and beyond, ACOA will continue to support Atlantic SMEs and communities in maximizing opportunities for job creation and economic growth by providing relevant, proven programs and services that are aligned with our Government's priorities and that deliver real results for the people of this region.

The Honourable Gail Shea, PC, MP
Minister of National Revenue and
Minister for the Atlantic Canada Opportunities Agency

Section I: Organizational Overview

Raison d'être

Established in 1987 (Part I of the *Government Organization Act, Atlantic Canada 1987, R.S., c G-5-7*, also known as the *Atlantic Canada Opportunities Agency Act*), the Atlantic Canada Opportunities Agency (ACOA) is the federal department responsible for the Government of Canada's economic development efforts in the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador.

ACOA works to create opportunities for economic growth in Atlantic Canada by helping small and medium-sized enterprises (SMEs) become more competitive, innovative and productive, by working with communities to develop and diversify local economies, and by championing the region's strengths in partnership with Atlantic Canadians.

Responsibilities

ACOA plays an important role in developing and supporting policies and programs that strengthen the region's economy. Its responsibilities are stated in the Agency's legislation, which mandates the organization "to increase opportunity for economic development in Atlantic Canada and, more particularly, to enhance the growth of earned incomes and employment opportunities in that region."[1] Although the Agency's policies and program tools have evolved since its inception, the overall goal remains constant. ACOA is dedicated to helping the Atlantic region realize its full economic potential in terms of productivity, competitiveness and growth. This is achieved by addressing structural changes in the economy, helping communities and businesses to overcome challenges, and finding new opportunities for growth. ACOA is committed to helping the region make the transition to a more innovative, productive and competitive economy.

The Agency provides services via 31 local field offices throughout the four provinces, along with regional offices located in all four provincial capitals and ACOA's head office in Moncton, N.B. Through its Ottawa office, ACOA ensures that Atlantic Canada's interests are reflected in the policies and programs developed by other departments and agencies of the federal government.

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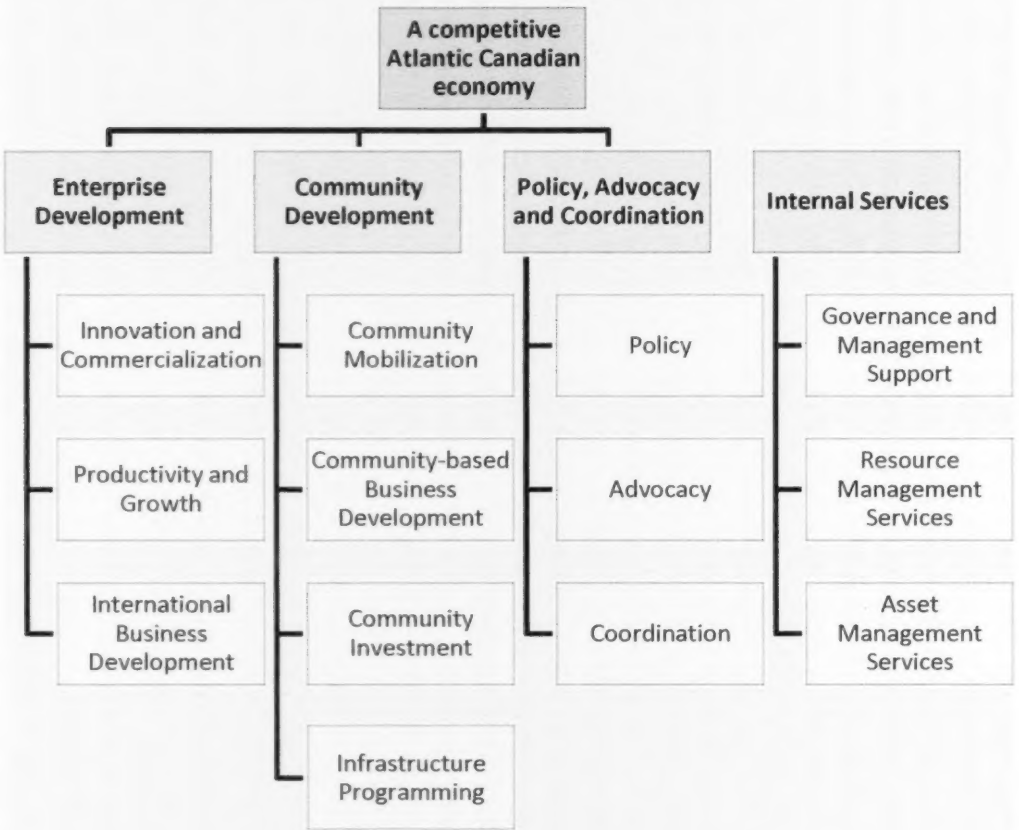
[1] *Atlantic Canada Opportunities Agency Act*, R.S.C., 1985, c. 41, 4th Supp.

Strategic Outcome and Program Alignment Architecture

The diagram below illustrates ACOA's strategic outcome – a competitive Atlantic Canadian economy – and its Program Alignment Architecture (PAA). The PAA is based on the results of policy research and analysis, the periodic assessment of program relevance and performance, ongoing dialogue with stakeholders in the region, and the priorities and directions of the Government of Canada. ACOA's PAA for 2013-14 comprises four programs and 13 sub-programs.



Organizational Priorities

All organizational priorities support the Agency's strategic outcome: a competitive Atlantic Canadian economy. This outcome reflects the Agency's legislative purpose to enhance the growth of earned incomes and employment opportunities in Atlantic Canada.

Priority 1	Type[2]	Program
Focus ACOA's programs and services on initiatives that encourage Atlantic Canadian businesses to become more **innovative, productive and competitive** in the global marketplace.	Ongoing	Enterprise Development Community Development

Why this is a priority

- Productivity drives economic growth and ultimately living standards. The global economic crisis has added to an already-challenging situation in Atlantic Canada in terms of closing the productivity gap, and the region is facing significant risk from an aging population and a shortage of skilled workers. Strategic investments in areas such as innovation, business and management skills, and development of SMEs' international business activities are essential to enhancing the competitiveness of the region's SMEs and the continued vitality of the region's communities.

Plans for meeting the priority

- Support businesses and industry sectors to build their productivity and competitiveness through such initiatives as innovation and commercialization activities, the adoption of technology, lean manufacturing initiatives, and the acquisition of business and management skills.
- Assist regional business and industry to expand into the global marketplace by exploring opportunities for international trade.
- Advance the Atlantic Gateway initiative through further development of transportation infrastructure, international marketing and promotion and the advocacy of transportation policy and regulatory issues.
- Provide effective research, coordination and policy that support engagement and collaboration with provincial, private sector and academic partners throughout Atlantic Canada to identify an effective approach to addressing productivity, competitiveness and the skills challenges in the region.
- Engage industry and other stakeholders to maximize federal industrial regional benefit opportunities, with a particular focus on the Atlantic Shipbuilding Action Plan, to capitalize and prepare for opportunities related to the National Shipbuilding Procurement Strategy.

Priority 2	Type	Program
Develop strategies, policies and programs that recognize the distinct economic development needs and opportunities of Atlantic Canadian communities, with a particular **focus on rural** businesses and communities.	Ongoing	Community Development Enterprise Development

Why this is a priority

- The diverse culture, geography and economic conditions existing throughout the four Atlantic provinces necessitate customized responses to economic needs, especially in regard to the significant differences between rural and urban areas. In addition to benefits through improved productivity and competitiveness, rural communities must address significant challenges facing the natural resource sector, which has traditionally driven the regional economy, and investigate opportunities for diversification. This is especially important in

[2] "Type" definitions:

- New: newly committed to for fiscal year 2013-14
- Previously committed to: committed to one or two fiscal years earlier (i.e. 2011-12 or 2012-13)
- Ongoing: committed to at least three fiscal years earlier (i.e. 2010-11 or earlier)

Atlantic Canada, where more than 40% of the population is located in rural communities, making it one of the most rural regions in Canada. Stakeholders must work together to ensure that strategies developed in response to specific needs are complementary and contribute to a stronger region.

Plans for meeting the priority

- Work closely with public- and private-sector partners to assist SMEs in both rural and urban areas.
- Continue to work closely with provincial partners to address the needs of rural areas that are especially vulnerable to outmigration of skilled workers and an aging population.
- Maximize the use of ACOA resources as well as those of its partners, including CBDCs, to assist rural small and medium-sized enterprises (SMEs) in identifying strategic opportunities for economic growth and diversification.
- Assist in addressing the challenges faced by various resource sectors that have been shaken by recent economic events and fluctuations in the global market and provide help in preparing strategies to successfully grow those sectors in order to ensure that communities benefit from resource development.
- Undertake an examination of ACOA's programming tools, ensuring their responsiveness to the unique needs of rural businesses that are heavily dependent on natural resources.
- Invest in community infrastructure that will facilitate economic development efforts throughout Atlantic Canada and assist in the delivery of a new long-term infrastructure plan.
- Support federal priorities by aligning activities with national frameworks such as aboriginal economic development and implement federal strategies such as the new approach to official languages.
- Undertake and support research and analysis to assess the specific needs of diverse areas and to advocate for responses that are complementary and well balanced.

Priority 3	Type	Program
Leadership through coordination and engagement with business, government and other stakeholders throughout the region to enable businesses to **capitalize on emerging opportunities** and address key challenges in areas such as skills.	New	Policy, Advocacy and Coordination

Why this is a priority

- Atlantic Canadian businesses and industry have significant opportunity to capitalize on major projects that are occurring in the region over the coming years, including shipbuilding and energy-related projects. There is a need to ensure Atlantic SMEs are prepared for and able to capitalize on these opportunities while addressing challenges in areas such as skills. This requires coordinated support among stakeholders to maximize the economic benefits that may accrue to the region.

Plans for meeting the priority

- Work with Atlantic SMEs and other partners to promote opportunities and enable businesses to prepare to capitalize on upcoming major projects in the region.
- Advocate the capabilities of regional business in relation to major projects.
- Analysis, engagement and strategy development to address skills challenges, particularly in relation to major projects.

Priority 4	Type	Program
Continually improve the **internal management** of the organization and maintain employee engagement to excel in serving Canadians.	Ongoing	Internal Services

Why this is a priority

- During the current period of fiscal restraint and organizational change, ACOA continues to demonstrate a strong commitment to deliver quality results for Canadians. To achieve its objectives, ACOA will have to sustain a diverse and skilled workforce. The Agency must maintain employee engagement at all levels to ensure efficient decision making that reflects corporate and operational risks. At this time, it is also critical for employees to understand and identify with the Public Service of Canada's values, which are Respect for Democracy, Respect for People, Integrity, Stewardship, and Excellence, in order to behave in a respectful, ethical manner.

Priority 4	Type	Program

Plans for meeting the priority

- Address the changes introduced through recent efficiency exercises in order to support employees and their development during the implementation of more effective ways of delivering programs and services.
- Manage the implementation of mitigating measures for the Agency's key risks and ensure the integration of risk management into the Agency's planning and decision-making processes.
- Implement ACOA's Values and Ethics Strategy to ensure that values are embedded in the Agency's culture.
- Reinforce ACOA's commitment to maintaining strong human resource practices that are in keeping with public-service values, including fairness, access, transparency, representativeness, and the core values of merit and non-partisanship.

Risk Analysis

ACOA's Operating Environment

ACOA's work is driven by client requirements, strategic priorities, and the ever changing local and regional economic landscapes. The Agency's broad-based approach to regional economic development aims to address the underlying structural challenges in the Atlantic economy, as well as the particular circumstances affecting each Atlantic province.

ACOA's work is influenced by several external and internal factors that give rise to uncertainties that can affect the Agency's ability to achieve expected results.

External Factors

The Atlantic economy has done quite well over the past few years, growing at the same pace as the national average, due to private-sector-led growth in dynamic sectors such as mining and oil and gas extraction, information and communication technologies, and the financial industry. Atlantic Canada's medium-term outlook remains healthy, mainly due to continued investments in the mining and energy sectors and the National Shipbuilding Procurement Strategy. Still, there exists uncertainty around overall global economic conditions.

Atlantic Canada's economy faces several risks. Slower economic growth throughout the world, and more specifically in the United States, combined with a strong Canadian dollar could create additional challenges to the region's exporters. High household debt could also limit overall economic growth as domestic demand could be weaker. An aging population will also place pressure on skills and labour force availability.

Increasing global competition, along with the strong Canadian dollar, is requiring businesses in Atlantic Canada to become more competitive. One way for a firm to increase its competitiveness is to raise its level of productivity. While below the national average, Atlantic Canada has narrowed the productivity gap with the rest of Canada over the past few years. Moving forward, productivity increases will be the key factor to sustain growth in living standards of Atlantic Canadians.

Internal Factors

Given the above factors and the need for sound fiscal management, ACOA is committed to delivering quality results for Canadians by creating an environment in which both opportunities and challenges can be addressed. The Agency will maintain its knowledgeable and skilled workforce to respond to demands and expectations, while becoming more efficient and effective through its transformed internal business processes. In addition, ACOA will benefit from a strengthened integrated-risk-management function, which will allow the Agency to continuously identify, manage and monitor those risks that have the greatest potential to affect progress toward its strategic

outcome and organizational priorities. Integrated risk management will help focus efforts and distribute resources in areas where risks are greatest, all of which support the ongoing efficiency and effectiveness of the Agency.

Corporate Risks

ACOA's 2012 Corporate Risk Profile is the result of a comprehensive and inclusive risk assessment process that resulted in the following four key risks and corresponding response strategies for 2013-14.

Key Risk	Response Strategy	Linkage to Organizational Priority
Organizational Change Management There is a risk that organizational change management efforts may not be sufficient to sustain and enhance productivity and overall effectiveness.	Management will mitigate this risk by fostering a management culture that supports opportunities for dialogue and engagement around change management. In addition, management will ensure appropriate focus on organizational change management through the adaptation of the integrated planning process. Finally, management will place particular attention on ensuring managers are properly equipped to lead change management efforts and assume their increased responsibilities resulting from the various organizational changes already introduced.	Change management is linked directly to the Agency's organizational priority to continually improve the internal management of the organization and maintain employee engagement.
Information Tools and Systems There is a risk that an up-to-date suite of modern, compatible information tools and systems may not be developed in a timely manner, which may affect the effectiveness and efficiency of portfolio management and decision making.	Management will mitigate this risk by undertaking a comprehensive internal review to confirm business needs and technology gaps. The information gathered will be used to develop a new IT solutions strategy aimed at developing a more effective approach to providing standardized tools while respecting the government's goal of realizing cost efficiencies.	Up-to-date and compatible information tools and systems play a critical role in ensuring efficient and effective decision making at all levels of the organization, with a direct link to the Agency's priority to continually improve the internal management of the organization.
Portfolio Management There is a risk that existing evaluation, project selection, disbursement, monitoring and portfolio management activities may not be sufficient to manage portfolio risk, ensure an optimal level of collections and control the level of write-offs, resulting in lost opportunities for reinvestment and potential impact on the Agency's overall effectiveness and reputation.	Management will mitigate this risk through continued emphasis on improving work processes, enhancing guidance and reference materials that support program delivery, as well as expanding the availability and adequacy of tools to better support monitoring and oversight of portfolio activities. There will be continued focus on training activities and sharing of lesson learned.	Portfolio management and, more specifically, project selection are linked directly to the Agency's organizational priority to focus its programs and services on initiatives that encourage Atlantic Canadian businesses to become more innovative, productive and competitive in the global marketplace and that enable business to capitalize on emerging opportunities. Effective project selection will also play a critical role in the Agency's priority

Key Risk	Response Strategy	Linkage to Organizational Priority
		to balance the strategic needs and opportunities of both rural and urban areas.
Response to Opportunities and Management of Stakeholder Expectations There is a risk that the Agency may not be able to effectively respond to opportunities and manage increasing client and stakeholder expectations.	Management will mitigate this risk through continued monitoring, effective communication, and collaboration with stakeholders through the Agency's many points of contact, and integration of input in the Agency's planning processes and strategic decision making.	Effectively responding to opportunities and managing stakeholder expectations will help focus programs and services on initiatives that encourage Atlantic Canadian businesses to become more innovative, productive and competitive in the global marketplace and that enable business to capitalize on emerging opportunities. It will also help the Agency recognize the distinct economic development needs of Atlantic Canada's rural and urban areas and plan programs that balance the strategic needs and opportunities of both areas.

Planning Summary

Financial Resources (Planned Spending – $ millions)

Total Budgetary Expenditures (Main Estimates) 2013-14	Planned Spending 2013-14	Planned Spending 2014-15	Planned Spending 2015-16
300.0	300.0	282.4	282.5

Human Resources (full-time equivalents – FTEs)

2013-14	2014-15	2015-16
565	547	547

Planning Summary Table

($ millions)

Strategic Outcome	Program	Actual Spending 2010-11	Actual Spending 2011-12	Forecast Spending 2012-13	Planned Spending 2013-14	Planned Spending 2014-15	Planned Spending 2015-16	Alignment to Government of Canada Outcome
A competitive Atlantic Canadian Economy	Enterprise Development	191.0	172.9	171.4	170.2	168.2	168.3	Strong Economic Growth
	Community Development	161.9	103.8	99.0	91.3	76.5	76.5	
	Policy, Advocacy and Coordination	13.7	13.7	12.5	10.9	10.8	10.8	
	Sub-total	366.6	290.4	282.9	272.4	255.5	255.6	
	Internal Services	41.8	40.0	39.1	27.6	26.9	26.9	
	Total	**408.4**	**330.4**	**322.0**	**300.0**	**282.4**	**282.5**	

Spending decreases for the Internal Services program are attributable to Budget 2011 and Budget 2012 efficiency measures savings and to the transfer of some information technology expenses to Shared Services Canada. The reduction in FTEs from 2013-14 to 2014-15 is a result of previous workforce reduction exercises.

The decline in total Agency spending since 2010-11 is mainly due to the completion of two initiatives under Canada's Economic Action Plan[3] (as illustrated in the trend analysis), and as a result of Budget 2011 and Budget 2012 savings. Further explanations of variations between forecast and planned spending can be found in the Expenditure Profile section.

[3] Recreational Infrastructure Canada and Community Adjustment Fund.

Expenditure Profile

For fiscal year 2013-14, the Agency's available funding in the Main Estimates is $300.0 million. This represents a decrease of $22.0 million (6%) from the 2012-13 forecast spending of $322.0 million and is due to a number of normal business practices and procedures, including:

- impacts of program realignment and efficiencies
  - a $9.7 million decrease resulting from savings identified during the Agency's Strategic and Operating Review resulting from Budget 2012;
  - a $4.4 million decrease resulting from operational savings identified during the Agency's Strategic Review process.

- forecast spending for 2012-13 includes parliamentary authorities received after the tabling of the 2012-13 Main Estimates. These yearly adjustments represent a decrease of $11.5 million compared to authorities approved to date for 2013-14.
  - $7.1 million in funding from repayable collections. The Agency received funding in 2012-13 from repayable contributions that were greater than what is included in the Agency's reference levels. An adjustment is required annually to account for collections in excess of the base amount included in the reference levels;
  - $3.6 million resulting from the reimbursement of pay-list requirements (severance pay, vacation credits payable upon termination of employment, and parental benefits), minus $0.4 million due to a transfer from the Treasury Board of Canada Secretariat for compensation adjustments. These are yearly adjustments done through the supplementary estimates and other mechanisms; and
  - $1.2 million resulting from the transfer of funds from National Defence to ACOA in 2012-13 for assistance in organizing and delivering the Halifax International Security Forum. The memorandum of understanding includes an additional transfer of $1.2 million in fiscal year 2013-14.

  The same elements will increase the authorities for 2013-14 during the course of the fiscal year; however, the amounts will vary.

- impacts of termination of funding initiatives and agreements
  - a $2.2 million decrease due to the expected end of funding for the Economic Development Initiative of the 2008-13 Federal Strategy for Official Languages;
  - a $0.8 million increase resulting from the termination of a transfer to Foreign Affairs and International Trade Canada in support of the North American Platform Program partnership.

- impacts of other increases
  - a $5.0 million increase through the final instalment of special funding to support community economic development priorities in New Brunswick relating to community projects such as the establishment of multifunctional facilities and new recreational infrastructures.

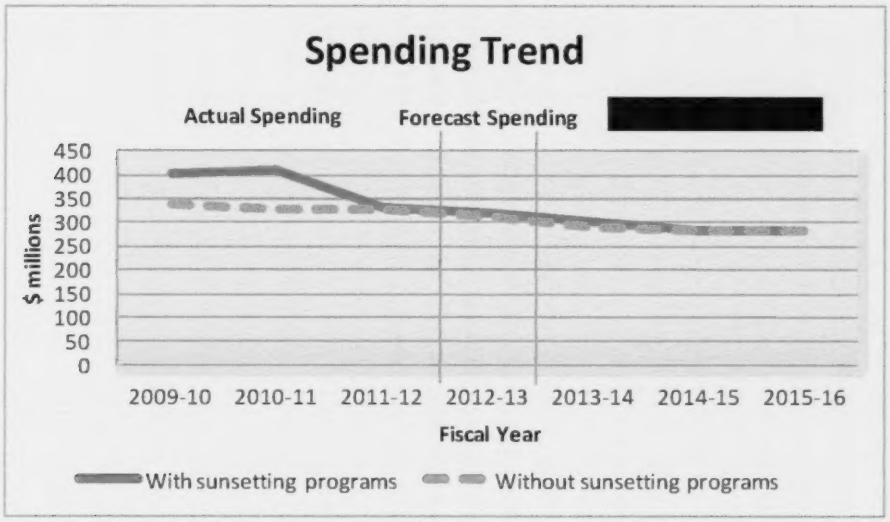
In 2014-15, planned spending will decrease to $282.4 million, a $17.6 million (6%) change from $300 million in 2013-14. This is due to:

- an $8.3 million decrease resulting from the sunsetting of funding under the Community Infrastructure Improvement Fund;
- a $6.0 million decrease in funding reflecting the final payments over two fiscal years to support community economic development priorities in New Brunswick;
- an additional $3.5 million in savings identified as part of the Budget 2012 Spending Review; and
- a $0.2 million increase due to collective bargaining.

In 2015-16, forecast spending of $282.5 million indicates an increase of $0.1 million (0.04%) compared with 2014-15 forecast spending of $282.4 million. The small increase is attributable to minor adjustments.

Trend Analysis

The figure below illustrates the Agency's actual, forecast and planned spending from 2009-10 to 2015-16.



Excluding sunsetting programs (which represent actual spending of $64.2 million in 2009-10, $81.3 million in 2010-11 and $3.1 million in 2011-12), the Agency's spending levels from fiscal year 2010-11 to fiscal year 2014-15 will decline mainly as a result of Budget 2011 and Budget 2012. These budgets focused primarily on improving the efficiency and effectiveness of operations and programs to ensure value for taxpayers' money. The planned spending levels stabilize in fiscal year 2014-15.

Estimates by Vote

For information on the Agency's appropriations, see the publication *2013-14 Main Estimates*.

Contribution to the Federal Sustainable Development Strategy

The Federal Sustainable Development Strategy (FSDS) outlines the Government of Canada's commitment to improving the transparency of environmental decision making by articulating its key strategic environmental goals and targets. The government will be consulting the public in 2013-14 regarding the second three-year cycle of the FSDS (2013-16). The 2013-16 FSDS will be finalized in 2013-14. It will be presented as part of the year-end performance reporting for 2013-14.

ACOA ensures that consideration of these outcomes is an integral part of its decision-making processes. In particular, through the federal Strategic Environmental Assessment (SEA) process, any new policy, plan or program initiative includes an analysis of its impact on attaining the FSDS goals and targets. The results of SEAs are made public when an initiative is announced, demonstrating the Agency's commitment to achieving the FSDS goals and targets.

As denoted by the visual identifiers below, ACOA contributes to Theme I (Addressing Climate Change and Air Quality) and Theme IV (Shrinking the Environmental Footprint – Beginning with Government).

Theme I
Addressing Climate Change
and Air Quality

Theme IV
Shrinking the Environmental Footprint -
Beginning with Government

These contributions, further explained in Section II, are components of the following two programs:

- Policy, Advocacy and Coordination
- Internal Services

For additional details on ACOA's activities to support sustainable development, see the Agency's website.

For complete details on the Federal Sustainable Development Strategy, see Environment Canada's website.

Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome – A Competitive Atlantic Canadian Economy

Performance Indicator	Target
Increase of Atlantic Canada's GDP for every $1 of ACOA expenditure in direct support of business	$4.50[4]

A competitive Atlantic Canadian economy increases opportunities for economic development in the region, specifically through the growth of earned incomes and employment opportunities. Productivity is an important determinant of competitiveness and a strong source of long-term prosperity for a region. Competitiveness and productivity are critical factors that allow companies and communities to adapt to changing global conditions. The Agency supports and works with businesses and communities to help them become more competitive, innovative and productive, while identifying and responding to opportunities and challenges in the Atlantic Canadian economy.

[4] Measuring the impact on gross domestic product in Atlantic Canada is a long-term, multi-dimensional undertaking. Thus, the Agency will report results every five years, based on an analysis of data from internal systems, using econometric modelling from The Conference Board of Canada. This indicator will next be measured in 2018, covering the five-year period 2013-14 to 2017-18.

Program: Enterprise Development

Strategic Outcome	Program	Sub-program
A Competitive Atlantic Canadian Economy	Enterprise Development	• Innovation and Commercialization • Productivity and Growth • International Business Development

Program Description

Along with recent overall economic progress and some promising opportunities on the horizon (energy, shipbuilding), some significant challenges remain if the region is to maximize positive growth. One of the most telling indicators of this is that, in a number of sectors, productivity remains significantly lower than in leading countries and other regions of Canada. The Atlantic Canada Opportunities Agency (ACOA) works in partnership with Atlantic Canadian enterprises, stakeholders, industry and institutions to improve the growth and productivity of Atlantic Canada's economy, leading to increased competitiveness, earned incomes and job creation.

ACOA works to improve the capacity of Atlantic Canada's rural and urban areas for economic growth through a variety of strategically focused mechanisms, which include: assisting enterprises, particularly small and medium-sized ones, to help them start, expand or modernize their businesses, and establish and expand export activities; partnering with universities and other institutions to increase the region's research and development capacity, commercialization and productivity; and promoting and participating in the region's transition to a knowledge economy.

Financial Resources ($ millions)

Total Budgetary Expenditures (Main Estimates) 2013-14	Planned Spending 2013-14	Planned Spending 2014-15	Planned Spending 2015-16
170.2	170.2	168.2	168.3

Human Resources (FTEs)

2013-14	2014-15	2015-16
170	161	161

Expected result	Performance indicator	Target
Improved growth and competitiveness of Atlantic Canadian SMEs	Percentage points by which the business survival rate of ACOA-assisted firms exceeds that of unassisted firms	10
	Percentage points by which the labour productivity growth of ACOA-assisted firms exceeds that of unassisted firms	0.3

Planning Highlights

ACOA will continue to work with SMEs and not-for-profit organizations in rural and urban areas of Atlantic Canada to foster a dynamic regional economy. For 2013-14, this will involve maintaining support for innovation and the commercialization of new products and services, the development of export markets, and fostering the entrepreneurial skills needed to support these activities and drive growth.

ACOA will invest in projects that enhance access for Atlantic Canadians to the information, business skills and financing they require to start and grow a business and to seize new opportunities. Financing SMEs to undertake productivity and growth projects will remain a key priority for the coming year, with particular emphasis on investments in productivity, the acquisition of technology, the development of management skills, and assistance to SMEs in resource sectors. There will also be a focus on providing support to SMEs to enable them to capitalize on opportunities arising from planned major projects.

More specifically, in 2013-14, there will be a focus on providing support to SMEs to enable them to capitalize on supply-chain opportunities arising from planned major projects. The Muskrat Falls Project in Labrador, for example, has significant implications for economic development, both in terms of employment and supplier development opportunities during construction. The National Shipbuilding Procurement Strategy, with the potential to generate over $2 billion in national economic benefits annually through Irving Shipbuilding Inc. in Halifax, N.S., represents a historic opportunity for businesses in Atlantic Canada to become significant participants in the marine industrial supply chains, both domestic and international. ACOA programs will be critical for businesses in the region to take full advantage of those major projects. Support toward a broad range of initiatives, from building supplier development capacity to R&D, should continue to achieve results in 2013-14.

The Agency will also continue to invest in innovation in order to help diversify the region's economy, expand markets, and enhance SMEs' productivity and competitiveness. In 2013-14, ACOA will continue to implement its Innovation Strategy to guide regional innovation activities as well as its Commercialization Strategy to improve the commercialization potential of technologies developed in Atlantic Canada.

Companies that want to grow need to sell their products and services outside the region's borders. Exporting builds revenues, fuels business opportunities and generates jobs. In 2013-14, ACOA will continue to strengthen the export capabilities of SMEs, help them to enter international markets and facilitate their international business performance. ACOA will continue to align itself with the Government of Canada priorities, including the Global Commerce Strategy, Strategy of the Americas, and the India Initiative by pursuing international opportunities and promoting Atlantic Canada as a place to do business. In 2013-14, ACOA will continue to work with its Atlantic Gateway partners in building a more integrated and globally competitive transportation system in Atlantic Canada. Increasing the efficiency and reliability of the system will provide more options for Atlantic companies to get their goods to international markets and, as a result, increase their export sales.

Program: Community Development

Strategic Outcome	Program	Sub-program
A Competitive Atlantic Canadian Economy	Community Development	• Community Mobilization • Community-based Business Development • Community Investment • Infrastructure Programming

Program Description

The Atlantic economy is built on the region's many geographic, linguistic and cultural communities. From rural areas to larger urban centres, the opportunities and challenges vary significantly. Communities are the foundation of economic development and are critical for economic prosperity. The Atlantic Canada Opportunities Agency (ACOA) recognizes the importance of these communities in an economic development framework and supports their efforts to develop the resources they need to contribute fully to their own economic development. For those reasons, ACOA focuses efforts and strategies toward rural community development and also aims to provide and maintain quality public infrastructure. ACOA works in co-operation with other levels of government, other federal government departments, non-government organizations, and community groups to leverage support, coordinate economic development and react to economic challenges. This requires a flexible, holistic approach based on the realities of a given community's capacities, strengths and challenges. Community development is a bottom-up process that helps to develop the tools, resources and initiatives that support individual and unique strategic development.

Financial Resources ($ millions)

Total Budgetary Expenditures (Main Estimates) 2013-14	Planned Spending 2013-14	Planned Spending 2014-15	Planned Spending 2015-16
91.3	91.3	76.5	76.5

Human Resources (FTEs)

2013-14	2014-15	2015-16
75	73	73

Expected result	Performance indicator	Target
Dynamic and sustainable communities for Atlantic Canada	Percentage points by which the growth in sales of CBDC-assisted clients exceeds that of unassisted firms	5
	Percentage of projects that are successful in achieving the intended objectives	80

Planning Highlights

In 2013-14, ACOA will continue to work with communities and community economic development organizations to identify and implement economic opportunities benefiting the region's rural and urban areas. This will involve investing in initiatives that provide value for investment while at the same time addressing local, community-based priorities.

ACOA uses its various programs – in particular, the Innovative Communities Fund (ICF), Community Futures Program (CF) and the Business Development Program (BDP) – to stimulate economic development at the community level. Through these funding mechanisms, the Agency will place greater emphasis on strategic investments to improve the productivity and competitiveness of Atlantic SMEs and the communities in which they operate.

A focus will be placed on the delivery of the two-year initiative, Community Infrastructure Improvement Fund, announced in Budget 2012. Through ACOA's allocation of $16.6 million, investments will assist in the modernization of community infrastructure facilities throughout Atlantic Canada.

ACOA will continue to work with the Community Business Development Corporations (CBDCs) across Atlantic Canada to increase access to capital for small businesses in rural communities. This will include strengthening CBDC governance to ensure strong representation from key economic groups in local areas, increased awareness of CBDCs' roles and services in Atlantic Canada, and continued support for the CBDC network in order to optimize sales growth of CBDC-assisted clients.

The official language minority communities remain one of ACOA's priorities. The Agency will continue to implement measures to ensure that it fulfills its obligations under the *Official Languages Act* and the Agency's official languages policy.

ACOA will continue to work with Aboriginal communities to identify investments that support strategic economic development in priority areas. The Agency will implement new guidelines and procedures with respect to its duty to consult with aboriginal communities.

The Agency's focus in the area of infrastructure will be to collaborate with Infrastructure Canada in the continued delivery of current infrastructure programs and the long-term planning of future infrastructure programs.

The Agency will also focus on repositioning community mobilization to better respond to changing economic circumstances. This will include implementing approaches to maximize the efficiency and effectiveness of community mobilization resources and engaging key community development stakeholders in the process.

Program: Policy, Advocacy and Coordination

Strategic Outcome	Program	Sub-program
A Competitive Atlantic Canadian Economy	Policy, Advocacy and Coordination	• Policy • Advocacy • Coordination

Program Description

The Atlantic Canada Opportunities Agency's (ACOA) Policy, Advocacy and Coordination (PAC) program is central to identifying and effectively responding to opportunities and challenges facing the regional economy. PAC provides intelligence, analysis and well-grounded advice on a broad range of issues and topics, and it informs and supports decision making by the Agency and the Minister. In offering strategic, researched policy positions that reflect the region's potential; in influencing national policies and programs that affect Atlantic Canada's development and interests; and in coordinating other policies and programs within the region to form integrated approaches to development, PAC helps carry the Agency's agenda forward and helps ensure that ACOA overall remains relevant and responsive to the opportunities and challenges in Atlantic Canada.

Financial Resources ($ millions)

Total Budgetary Expenditures (Main Estimates) 2013-14	Planned Spending 2013-14	Planned Spending 2014-15	Planned Spending 2015-16
10.9	10.9	10.8	10.8

Human Resources (FTEs)

2013-14	2014-15	2015-16
73	72	72

Expected result	Performance indicator	Target
Policies and programs that strengthen the Atlantic economy	Atlantic regional economic policies and programs that respond to regional development opportunities	Continued government support to Agency priorities, collaboration with other federal departments, and engagement with partners in Atlantic Canada in areas that will contribute to increasing the competitiveness of Atlantic Canada's economy

Planning Highlights

In 2013-14, PAC's support for the Agency's key activities will continue to ensure that ACOA's programs and activities are responsive and relevant to both national priorities and the needs of Atlantic Canadians. The Agency will continue to play a critical role in delivering the federal agenda in Atlantic Canada by conducting policy research and analysis and by providing sound policy advice. Research and analysis will help to identify opportunities for community development, determine more effective approaches to local economic development, and delve into factors influencing competitiveness and productivity, such as skills, firm-level innovation, commercialization and international trade.

The Agency will also focus its efforts on key issues reflecting both Atlantic Canadian priorities and the federal agenda so that Atlantic regional economic policies and programs respond to regional development opportunities. ACOA will advocate for the interests of Atlantic Canada in priority areas such as energy, innovation and commercialization, science and technology, skills development and resource industries – including new approaches for the region's forestry sector. The Agency's procurement advocacy efforts will also work to secure industrial regional benefit commitments for Atlantic Canadian SMEs resulting from procurements within the *Canada First* Defence Strategy and the National Shipbuilding Procurement Strategy. Through the continued implementation of the Atlantic Shipbuilding Action Plan, ACOA will play a key role in helping Atlantic businesses to understand and capitalize on the full range of opportunities available to them to contribute to the shipbuilding supply chain.

A skilled labour force is critical to Atlantic Canada's prosperity. Through its coordination role, the Agency will work with the four Atlantic Provinces and other stakeholders to ensure that Atlantic Canada's skilled labour force is appropriate to meet the needs of major projects in the region, such as the shipbuilding initiative and the planned Muskrat Falls hydroelectric development. Under the direction and leadership of the Atlantic Canada Energy Office, the Atlantic Energy Gateway initiative will aim to facilitate the development of Atlantic Canada's clean and renewable energy sector by fostering collaboration, common understanding and communication among governments and the private sector in order to maximize and expedite the development of clean and renewable energy resources in the region.

The Agency, in co-operation with Transport Canada, will continue to lead the coordination and integration of Atlantic Gateway activities across federal departments, provincial governments, private-sector partners, gateway councils and other stakeholders in the region.

Program: Internal Services

Strategic Outcome	Program	Sub-program
A Competitive Atlantic Canadian Economy	Internal Services	• Governance and Management Support • Resource Management Services • Asset Management Services

Program Description

Internal Services are groups of related activities and resources administered to support the needs of programs and other corporate obligations of an organization. These groups are: management and oversight services; communications services; legal services; human resources management services; financial management services; information management services; information technology services; real property services; materiel services; acquisition services; and travel and other administrative services. Internal Services includes only those activities and resources that apply across the organization and not those provided specifically to a program.

Financial Resources ($ millions)

Total Budgetary Expenditures (Main Estimates) 2013-14	Planned Spending 2013-14	Planned Spending 2014-15	Planned Spending 2015-16
27.6	27.6	26.9	26.9

Human Resources (FTEs)

2013-14	2014-15	2015-16
247	241	241

Planning Highlights

In 2013-14, ACOA will continue to implement ways to more effectively deliver programs and services to Canadians, following changes introduced through recent efficiency exercises. The focus will be on implementing common business processes that support the government agenda of moving toward the adoption of standard government solutions. To accomplish this, the Agency will also work with other regional development agencies in exploring opportunities for increased efficiency through collaboration. Furthermore, in support of evidence-based decision making, accountability and the continuous improvement of programs and services, the Agency will implement ACOA's Evaluation Plan for 2012-17.

In order to ensure the integration of risk management into ACOA's planning and decision-making processes, the Agency will continue to implement the risk-mitigation measures and management action plans described in the Corporate Risk Profile. The Agency will also implement its renewed security plan.

In order to support Agency employees and their development, ACOA will implement the new 2011 Public Service Employee Survey Corporate Action Plan. In addition, providing support to Agency employees impacted by the Work Force Adjustment Directive will continue to be a priority during 2013-14. The Agency will also ensure sound human resource practices, which will include training for delegated managers, the development of smart tools to promote efficiency, and an enhanced monitoring system. Finally, the Agency will also implement its Values and Ethics Strategy to ensure that values and ethics remain at the foundation of the Agency's corporate culture and will uphold open dialogue at all levels of the Agency.

ACOA is a participant in the FSDS and, through its Internal Services program, contributes to Theme IV of the strategy, Shrinking the Environmental Footprint – Beginning with Government. The FSDS goal that falls under Theme IV is Greening Government Operations, which has five target areas that apply to ACOA:

- Surplus Electronic and Electrical Equipment
- Printing Unit Reduction
- Paper Consumption
- Green Meetings
- Green Procurement

For details on ACOA's activities under the goal of Greening Government Operations, see the supplementary report on the Agency's website.

Section III: Supplementary Information

Financial Highlights

The future-oriented financial highlights presented in this report are intended to serve as a general overview of the Agency's financial position and operations. They are prepared on an accrual basis to strengthen accountability and improve transparency and financial management.

The actual expenditures presented in the tables in sections I and II were prepared on a cash basis, while the financial highlights that follow were prepared on an accrual basis. Tables reconciling these two accounting methods are presented in the notes to the Agency's future-oriented financial statements (note 5).

During 2011-12, the Agency adopted the revised Treasury Board Accounting Standard 1.2: Departmental and Agency Financial Statements. The Agency is required to present net debt, financial assets and liabilities that are held on behalf of government. ACOA's future-oriented financial statements have been prepared in accordance with the updated standard.

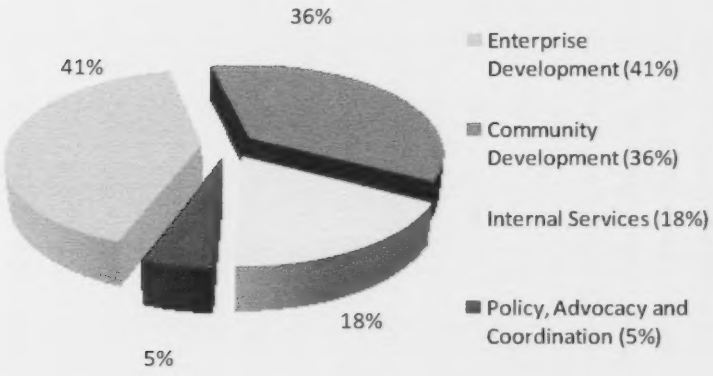
Future-oriented Condensed Statement of Operations and Departmental Net Financial Position
For the Year (ended March 31)
($ millions)

	Change	Forecast 2013-14	Estimated Results 2012-13
Total expenses	4.2	248.7	252.9
Total revenues	–	–	–
Net cost from operations before government funding and transfers	4.2	248.7	252.9
Departmental net financial position	4.9	**(4.0)**	**(8.9)**

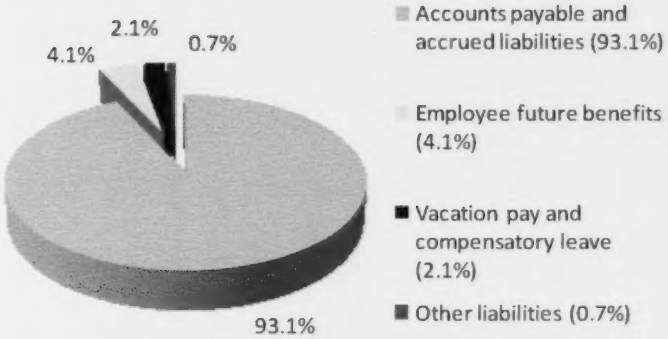
Future-oriented Condensed Statement of Financial Position
For the Year (ended March 31)
($ millions)

	Change	Forecast 2013-14	Estimated Results 2012-13
Total net liabilities	(7.1)	67.2	74.3
Total net financial assets	(2.2)	62.5	64.7
Departmental net debt	4.9	4.7	9.6
Total non-financial assets	–	0.7	0.7
Departmental net financial position	4.9	**(4.0)**	**(8.9)**

Expenses - Where Funds Go

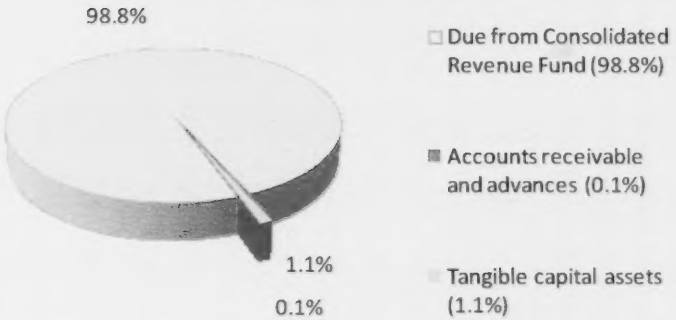


Total expenses for 2013-14 are projected to be $248.7 million. Of these expenses, $102.0 million (41%) will be spent in the Enterprise Development program and $90.1 million (36%) in the Community Development program. These expenses include conditionally repayable and non-repayable transfer payments and operating expenditures.



Total net liabilities for 2013-14 are projected to be $67.2 million. The largest liability is accounts payable and accrued liabilities ($62.5 million, or 93.1%). The remainder of the liabilities consist of employee future benefits (4.1%), vacation pay and compensatory leave (2.1%) and other liabilities (0.7%).

Assets by Type



Total net financial assets for 2013-14 are projected to be $62.5 million, with the largest asset being due from the Consolidated Revenue Fund ($62.4 million, or 98.8%). The purpose of this account is to record the cash ACOA can draw on from the Consolidated Revenue Fund to meet its future liabilities. Total non-financial assets for 2013-14 are projected to be $0.7 million.

Future-oriented Financial Statements

ACOA's future-oriented financial statements can be found on the Agency's website.

List of Supplementary Information Tables

- Details on Transfer Payment Programs
- Internal Audits and Evaluations
- Greening Government Operations
- Horizontal Initiatives
- Sources of Non-respendable Revenue

Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations* publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.

Section IV: Other Items of Interest

Organizational Contact Information

ACOA Head Office
Blue Cross Centre, 3rd Floor
644 Main Street
P.O. Box 6051
Moncton, New Brunswick E1C 9J8
(Courier address: E1C 1E2)

General inquiries: 506-851-2271
Toll free (Canada and United States): 1-800-561-7862
Facsimile: 506-851-7403
Secure Facsimile: 506-857-1301
Access to Information / Privacy: 506-851-6203
TTY[5]: 1-877-456-6500
http://www.acoa-apeca.gc.ca/English/Pages/home.aspx

Additional Information

The following additional information is available on ACOA's website.

- Repayable Contributions Portfolio of the Business Development Program

- Information on Sub-programs of ACOA's Program Alignment Architecture
  - Innovation and Commercialization
  - Productivity and Growth
  - International Business Development
  - Community Mobilization
  - Community-based Business Development
  - Community Investment
  - Infrastructure Programming
  - Policy
  - Advocacy
  - Coordination

[5] A Teletype or teletypewriter (TTY) is a device that enables people who are hearing- or speech-impaired to use a telephone to communicate by typing and reading messages instead of talking and listening. A TTY is required at both ends of a conversation in order to communicate.